

Message Text

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PAGE 01 PEKING 00123 180737Z
ACTION EB-07

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02
CIEP-01 LAB-04 SIL-01 OMB-01 L-03 SS-15 NSC-05 /073 W
-----180739Z 075690 /10

R 180717Z JAN 77
FM USLO PEKING
TO SECSTATE WASHDC 7102
INFO AMEMBASSY TOKYO
AMCONSUL HONG KONG

C O N F I D E N T I A L PEKING 123

E.O.11652: GDS
TAGS: GEXP, ETRD, CH, US
SUBJECT: TEREPHTHALIC ACID PLANT SALE

1. STANDARD OIL OF INDIANA (AMOCO) NOW HAS THREE OFFICERS
IN PEKING (GILKES, BALDWIN, AND BLUMBERG) NEGOTIATING ON
THE SALE OF A \$7 MILLION COMPLETE PLANT TO PRODUCE
TEREPHTHALIC ACID, AN INTERMEDIATE IN THE PRODUCTION OF
POLYESTER FIBER FROM PARAXYLENE. THE PLANT WILL PROBABLY
BE LOCATED NEAR PEKING, AND FED BY THE UOP PARAXYLENE PLANT.

2. THE NEGOTIATIONS WERE RESUMED LAST WEEK AFTER STANDARD
OF INDIANA RECEIVED NOTIFICATION JUST BEFORE CHRISTMAS THAT
TECHIMPORT WAS READY TO RESUME DISCUSSIONS WHICH WERE BROKEN
OFF ON CHINESE INITIATIVE IN LATE APRIL, 1976. (PRCLO TOLD
GILKES THAT THE INTERFERENCE OF THE GANG OF FOUR HAD
CAUSED THE BREAKING OFF OF THE NEGOTIATIONS.) GILKES SAYS
THAT THE NEGOTIATIONS HAVE PROCEEDED RAPIDLY SINCE THE
TEAM'S ARRIVAL IN PEKING, AND ISSUES WHICH HAD GIVEN MUCH
TROUBLE IN 1976 HAVE BEEN RAPIDLY DISPOSED OF.

3. STANDARD OF INDIANA HAS BEEN WORKING WITH TWO FRG FIRMS,
LURGI AND ZIMMER, AND TWO UK FIRMS, ICI AND SYMCHEM. THEY
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EXPECT THESE FIRMS TO SIGN CONTRACTS WITH THE PRC TO DO
THE ACTUAL CONSTRUCTION, AND STANDARD OF INDIANA WILL THEN
SIGN WITH ITS EUROPEAN LICENSEES.

4. AN INTERESTING FEATURE OF THE NEGOTIATIONS IS THAT THE
CHINESE HAVE ASKED FOR SEVEN YEARS DEFERRD PAYMENTS. STAN-
DARD OF INDIANA HAS PROPOSED SIX AND A HALF YEARS, AND THE

ISSUE HAS NOT YET BEEN SETTLED. THESE ARE THE LONGEST DEFERRED
PAYMENTS TERMS WE HAVE YET HEARD OF.
GATES

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Current Classification: UNCLASSIFIED
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Control Number: n/a
Copy: SINGLE
Sent Date: 18-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Review Withdrawn Fields: n/a
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TAGS: BEXP, ETRD, BTRA, CH, US, STANDARD OF INDIANA, (GILKES), (BALDWIN), (BLUMBERG)
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